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# U.S. Goes After \$270,000 Given to Women by Rewald

By Charles Hemminger  
Star-Bulletin Writer

Women who received money from Ronald Rewald after they engaged in social and sometimes sexual contact face not only the embarrassment of testifying in court but also the indignity of having to return the money to bankruptcy court.

The government claims that a long list of women received some \$270,000 from Rewald in return for companionship. Prosecutors have put one or two of the women on the stand daily during Rewald's federal fraud trial to describe their relationship with him.

Some of the women have been threatened with arrest in order to get them into court.

They have not only been pursued by prosecutors, but also by the trustee of Rewald's bankrupt company. It is Thomas Hayes' job, as bankruptcy administrator, to try to recover money paid to people who provided no service to the company.

"I've sued them all," Hayes said yesterday about Rewald's women.

WHILE THE criminal case continued yesterday before U.S. Judge Harold Fong, Hayes was in another federal court trying to get \$3,000 back from Playboy centerfold Cynthia "Cindy" Brooks.

Hayes' attorney, Richard Kanter, told U.S. Judge Martin Pence that Brooks withdrew \$3,000 from her account within 90 days of the collapse of Bishop, Baldwin, Rewald, Dillingham & Wong. Under bankruptcy laws,

the money should be returned, Kanter argued.

Brooks was not present at the hearing, although she was to be in Fong's court today to testify about her relationship with Rewald.

Arthur Reinwald, her attorney, argued yesterday that Brooks withdrew the \$3,000 during the normal course of business and not because she had some advance knowledge of BBRD&W's collapse.

The 90-day "preference period" was established to retrieve money from people with inside knowledge that a company is sliding into bankruptcy, Reinwald said.

Pence said that Rewald's business actually was a Ponzi scheme in which investors' money never was invested but used to pay phony interest to early investors.

REINWALD SAID that it did not matter if the company was a Ponzi scheme or a legitimate business, as long as Brooks withdrew her money as a normal course of doing business with Rewald.

Pence said he will issue a written order on whether Brooks will have to return the money.

While Brooks' case is related to the 90-day "preference period," Hayes said, other women who had been associated with Rewald may have to give back money they received up to a year before the collapse.

Some of the women already have paid back money, others have reached settlements and others still are being sued, Hayes said. In one case, a woman gave the bankrupt estate her car because she had no money, Hayes said.

A Bishop, Baldwin receptionist testified yesterday in the criminal case that she saw Rewald socially and he put money in a BBRD&W account for her. Patricia Gallo said she withdrew about \$7,900 from the account from January 1982 to June 1983.